



## **FACT SHEET: TIME TO RAISE THE TIPPED MINIMUM WAGE**

### **FACT: The federal minimum wage for tipped workers is currently just \$2.13 an hour**

- Unless their state's minimum wage is higher, workers who regularly receive tips (at least \$30 per month) may be paid a subminimum wage or "tipped" minimum wage of just \$2.13 an hour.
- The Minimum Wage Fairness Act of 2013 will increase the tipped minimum wage 95 cents per year until it reaches 70% of the regular minimum wage. This will require at least 6 increases until it reaches \$7.07 (or more if the regular wage has risen above \$10.10 because of inflation).

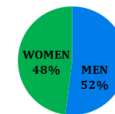
### **FACT: The tipped minimum wage has not been increased in over 20 years**

- The tipped minimum wage has been frozen at \$2.13 since 1991 or 23 years. In 1996 and 2007, Congress passed legislation increasing the minimum wage but not the tipped minimum wage.
- Since the tipped minimum wage was frozen, its value has fallen by over 36% in inflation-adjusted terms.
- The tipped minimum wage was established in 1966 and was originally tied to the federal minimum wage. A 1996 law decoupled the tipped minimum from the federal minimum, because of pressure by corporate restaurant lobbyists and the National Restaurant Association.

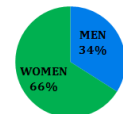
### **FACT: Women make up a large majority (66%) of tipped workers nationally, and make a large majority of minimum wage earners**

- Women make up 66% of tipped workers nationwide and 71% of restaurant servers, suffering disproportionately from the low tipped minimum wage.
- Increasing the tipped minimum wage to 70% of the regular minimum wage would raise wages immediately for 1 million women and raise the wage floor for another 4 million women.
- The restaurant industry is one of the only sectors with a bifurcated minimum wage -- and while men make up a small majority of non-tipped restaurant workers who make the standard minimum wage, women make up a large percentage of tipped workers in restaurants.
- Seven percent of American women work in restaurants, but 37% of all sexual harassment claims to the EEOC come from the restaurant industry. The tipped minimum wage puts women in the compromising position of having to please clients and employers since their livelihood depends on their tips.
- 59% of workers earning at or below the minimum wage are women, and nearly 30% of these are tipped workers even though tipped workers represent only 5% of employed women. When tipped workers are excluded from a minimum wage increase, it is primarily women that are excluded.

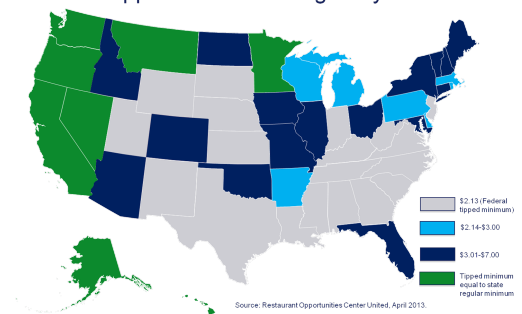
**GENDER COMPOSITION OF NON-TIPPED RESTAURANT WORKERS WITH \$7.25 MINIMUM WAGE**



**GENDER COMPOSITION OF TIPPED RESTAURANT WORKERS WITH \$2.13 FEDERAL SUBMINIMUM WAGE**



**Tipped Minimum Wages By State**



### **FACT: The US is the only industrialized nation where tipped workers depend on tips for a majority of their income.**

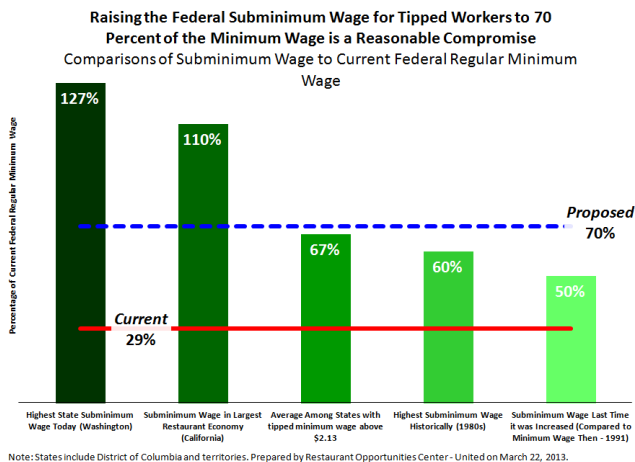
- Tips often make up 100% of tipped workers take home pay, because hourly wages are insufficient to cover tax withholdings.

**FACT: Seven states have eliminated the tipped minimum wage, and 22 states have increased their tipped minimum wage to above \$2.13 an hour - and these states have thriving restaurant industries and strong employment**

- In 29 states and the District of Columbia, the tipped minimum wage is higher than the federal minimum wage, ranging from \$2.23 in Delaware to \$9.32 in Oregon—but 28 states still allow employers to pay their tipped workers less than \$3.00 an hour. In seven states, the minimum wage is the same for tipped and non-tipped workers.
- Over the next ten years, restaurant employment is projected to grow by 10.6% in the seven states with no difference in the tipped minimum wage, compared to just 9.1% in states with a subminimum wage.

**FACT: Most tipped workers are NOT well-tipped fine dining servers. The vast majority are servers at casual restaurants who are much more likely to live in poverty than workers overall**

- Servers—the largest group of all tipped workers—have three times the poverty rate of the workforce as a whole. Servers also rely on food stamps at nearly double the rate of the general population.
- The median wage for a tipped worker in 2013 was \$8.75, compared with \$17 for the typical non-tipped worker.
- Poverty rates are higher for African American and Latino servers, with nearly 24% of African American servers and 22% of Latino servers living in poverty, compared to 17.7% of white servers.



**FACT: Coupling the tipped minimum wage to 70% of the regular minimum wage is consistent with actions at the state level, and is less than what many states are moving towards in 2014.**

- The average subminimum wage has been set at 67% of the federal minimum wage among states and territories with a tipped minimum wage above \$2.13.
- In the 1980s, the tipped minimum wage for tipped workers reached 60% of the regular minimum

wage. It currently stands at less than 30% of the minimum wage.

- There are ballot initiatives and legislation in four states to eliminate the tipped minimum wage in 2014.

**FACT: The restaurant industry is one of the largest growing industries in the nation, and the largest employer of minimum wage workers (1 in 12 Americans)**

- The Bureau of Labor Statistics projects that the occupation sector of Food Preparation and Serving will add nearly a million jobs—one of the largest projected occupational increases across occupations—from 2010 to 2020.
- Of the top 20 growth sectors, the Food Preparation and Serving sector has the lowest median wages.

**FACT: The Minimum Wage Fairness Act would raise the cost of food in restaurants and grocery stores by at most a dime a day per household**

- Food costs would only go up by 10 cents a day for the average American household if the tipped minimum wage was increased to 70% of the regular minimum wage, if all of the other measures in the Minimum Wage Fairness Act were enacted, and if all of the costs were passed along to the consumer, according to a study from UC Berkeley's Food Labor Research Center, The Food Chain Workers Alliance & ROC United.